

**RULES
OF DEPARTMENT OF SAFETY
MOTOR VEHICLE DIVISION**

**CHAPTER 1340-5-9
TITLE BONDS**

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1340-5-9-.01 QUALIFIED APPLICANTS MAY APPLY. Subject to the limitations and conditions hereinafter set forth, duly qualified applicants may apply to the Motor Vehicle Division, Title Section of this Department for a new "certificate of title" as provided or authorized by the provisions of T.C.A. §55-3-103.

Authority: T.C.A. §§55-4-103, 4-2-1903, 67-1-102, 67-1-103, 67-1-105, 67-1-703, 67-1-802, and 67-1-803. *Executive order.* **Administrative History:** Original chapter 1340-5 transferred from chapter 1320-8 under the authority of executive order 37 dated June 29, 1990.

1340-5-9-.02 CERTIFICATE OF OWNERSHIP BY BOND. Whenever an applicant for a new "certificate of title" is unable to satisfy the Department that he is entitled thereto as provided in Chapter 3 of the Motor Vehicle Title and Registration Law, the applicant may nevertheless obtain issuance of such certificate of ownership by filing a bond with the Department as a condition to the issuance thereof: Such bond may be executed by a Corporate Surety Company duly licensed to transact business in the State of Tennessee, or a personal bond with two solvent personal sureties thereon. The bond shall be in an amount equal to one and one-half times the value of the vehicle as determined by the Department. The Surety Bond shall be executed on a form prescribed by the Department. (See Exhibits (a) and (b) which are also a part of this regulation.)

(1) RS-51 MOTOR VEHICLE TITLE BOND PERSONAL SURETY

SURETY BOND

STATE OF TENNESSEE
COUNTY OF _____

KNOW ALL MEN BY THESE PRESENTS:

That we, _____,
PRINCIPAL, and, _____,
and, _____, Surety
and, _____, Surety

are jointly and severally held and bound into the Commissioner of Safety of the State of Tennessee, and his successors in office, hereinafter referred to as the Commissioner, for the use and benefit of the State of Tennessee, in the just and penal sum of _____.

The conditions of this obligation are such that the above bounded _____ Principal, said Principal having made application to the State of Tennessee, Department of Safety for a motor vehicle Certificate of Title to cover _____ as authorized by T.C.A. §55-3-103, as amended. Whereas, the Surety is held and firmly bound to indemnify any prior owner or lienholder, any subsequent purchaser of the vehicle or persons acquiring any security interest therein, and their respective successors in interest, against any expense, loss or damage by reason of the issuance of a Certificate of Title or an account of any defect in

(Rule 1340-5-9-.02, continued)

or undisclosed interest in the right, title and interest of the Principal in and to said motor vehicle, for the payment whereof well and truly to be made, we bind ourselves, our heirs, executors, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the said Principal states that he is unable to present a Certificate of Title to said motor vehicle because the same has been lost, or is being unlawfully retained by one in possession, or is not otherwise available; and

WHEREAS, the Department of Safety, has advised said Principal that a Certificate of Title would be issued upon the filing of a bond as authorized by T.C.A. §55-3-103, and

WHEREAS, an action for damages on said bond may be instituted by any person injured by the issuance of the certificate of Title to said Principal;

NOW, THEREFORE, and in consideration of the issuance of a Certificate of Title by the Department of Safety, this bond is given by the above bound Principal in compliance with T.C.A. §55-3-103 and conditioned upon the rights and remedies provided therein.

It is hereby agreed and understood by the sureties on this bond:

- (1) That action may be maintained on said bond against any one or all of said sureties without making the Principal a party thereto, same being a joint and several obligation.
- (2) The bond is being held by the Department of Safety for examination, use and benefit of any prior owner or lienholder or any person acquiring any security interest in the vehicle listed herein.

Upon issuance of said Certificate of Title, this bond shall become effective and remain in full force and effect for a period of three years unless it is surrendered to the State of Tennessee, Department of Safety, as provided in T.C.A. §55-3-103.

PROVIDED, HOWEVER, that the aggregate liability of the surety to all persons for damage by reason of the issuance of said Certificate of Title shall not exceed the amount of the bond.

WITNESS our signature on this the ____ day of _____, 20__

PRINCIPAL

BY _____

SURETY

SURETY

Sworn to and subscribed before me this ____ day of _____, 20__.

Signature of Notary Public _____

My Commission expires _____

(2) MOTOR VEHICLE TITLE CORPORATE SURETY BOND

(Rule 1340-5-9-.02, continued)

SURETY BOND

STATE OF TENNESSEE
COUNTY OF DAVIDSON

KNOW ALL MEN BY THESE PRESENTS:

That we, _____
(Name and Address of Applicant)

Principal, said Principal having made application to the State of Tennessee, Department of Safety, for a Motor Vehicle Certificate of Title to cover _____
(Make of Vehicle) (Identification Number)

in accordance with T.C.A. §55-3-103, as amended, and _____
(Name and Address of Surety)

Surety, a corporation duly authorized and licensed to write official surety bonds in the State of Tennessee, are jointly and severally held and firmly bound to indemnify any prior owner or lienholder, any subsequent purchaser of said vehicle or person acquiring any security interest therein, and their respective successors in interest, against any expense, loss damage by reason of the issuance of a Certificate of Title or on account of any defect in or undisclosed interest in the right, title and interest of the Principal in and to said motor vehicle; in the sum of _____ Dollars (\$_____) lawful money of the United States of America, for the payment whereof well and truly to be made, we bind ourselves, our heirs, executors, successors and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that,

WHEREAS, the said Principal states that he is unable to present a Certificate of Title to said motor vehicle because the same has been lost, or is being unlawfully retained by one in possession, or is not otherwise available; and

WHEREAS, the Department of Safety, has advised said Principal that a Certificate of Title would be issued upon the filing of a bond as authorized by T.C.A. §55-3-103.

WHEREAS, an action for damages on said bond may be instituted by any person injured by the issuance of the Certificate of Title to said Principal;

NOW, THEREFORE, and in consideration for the issuance of a Certificate of Title by the Department of Safety, this bond is given by the above bound principal in compliance with T.C.A. §55-3-103 and

It is hereby agreed and understood by the sureties on this bond:

- (1) That action may be maintained on said bond against any one or all of said sureties without making the Principal a party thereto, same being a joint and several obligation.
- (2) The bond is being held by the Department of Safety for examination, use and benefit of any prior owner or lienholder or any person acquiring any security interest in the vehicle listed herein.

Upon issuance of said Certificate of Title, this bond shall become effective and remain in full force and effect for a period of three (3) years unless it is surrendered to the State of Tennessee, Department of Safety, as provided in T.C.A. §55-3-103.

(Rule 1340-5-9-.02, continued)

PROVIDED, HOWEVER, that the aggregate liability of the surety to all persons for damage by reason of the issuance of said Certificate of Title shall not exceed the amount of the bond. Witness our signature on this ____ day of _____, 20 ____.

BOND NO. _____

_____PRINCIPAL

BY _____

TITLE _____

(Affix Seal, If Corporation)

_____, SURETY

_____, SURETY

(Affix Corporate Seal)

(If a partnership, each member of partner ship sign below):

APPROVED:

Commissioner of Safety

(NOTE): Surety bond must be executed by a surety company authorized to do business in the State of Tennessee; must be executed by an attorney-in-fact and a copy of the power of attorney must be attached. If the attorney-in-fact is not licensed in Tennessee the bond must be countersigned by resident Tennessee Agent.

Authority: T.C.A. §§55-4-103, 4-2-1903, 67-1-102, 67-1-103, 67-1-105, 67-1-703, 67-1-802, and 67-1-803. Executive Order Number 37. **Administrative History:** Original chapter 1340-5 transferred from chapter 1320-8 under the authority of Executive Order Number 37 dated June 29, 1990.

1340-5-9-.03 REQUIREMENTS AND LIMITATIONS. A copy of the Power of Attorney, for the attorney in fact, must be attached when the bond is executed by a Corporate Surety Company. The Commissioner may require letters of credit or such other like proof of financial condition as he may deem requisite for any person executing as surety on a personal surety bond.

Authority: T.C.A. §§55-4-103, 4-2-1903, 67-1-102, 67-1-103, 67-1-105, 67-1-703, 67-1-802, and 67-1-803. Executive Order Number 37. **Administrative History:** Original chapter 1340-5 transferred from chapter 1320-8 under the authority of Executive Order Number 37 dated June 29, 1990.

1340-5-9-.04 DOCUMENTS HELD BY STATE. The Surety Bond, application, and all existing documents pertaining to the issuance of the "certificate of title" in question will be maintained in the files of the Motor Vehicle Division for inspection of any interested party. Upon payment of suitable fee, the Department will furnish certified

(Rule 1340-5-9-.04, continued)

copies of the documents in file. The State of Tennessee acts only as a depository for the Surety Bonds and is not a party to any action against the principal or sureties.

Authority: T.C.A. §§55-4-103, 4-2-1903, 67-1-102, 67-1-103, 67-1-105, 67-1-703, 67-1-802, and 67-1-803. *Executive Order Number 37.* **Administrative History:** *Original chapter 1340-5 transferred from chapter 1320-8 under the authority of Executive Order Number 37 dated June 29, 1990.*

1340-5-9-.05 RULES DO NOT PRECLUDE OTHER REQUIREMENTS. It is not intended that these rules and regulations be inclusive or that the Commissioner be restrained from requiring a personal surety bond to be supported by a deed of trust to realty lying within the State of Tennessee if in his opinion the public interest requires it.

Authority: T.C.A. §§55-4-103, 4-2-1903, 67-1-102, 67-1-103, 67-1-105, 67-1-703, 67-1-802, and 67-1-803. *Executive Order Number 37.* **Administrative History:** *Original chapter 1340-5 transferred from chapter 1320-8 under the authority of Executive Order Number 37 dated June 29, 1990.*